

**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street  
Sacramento, California 95814

**WEBSITES**

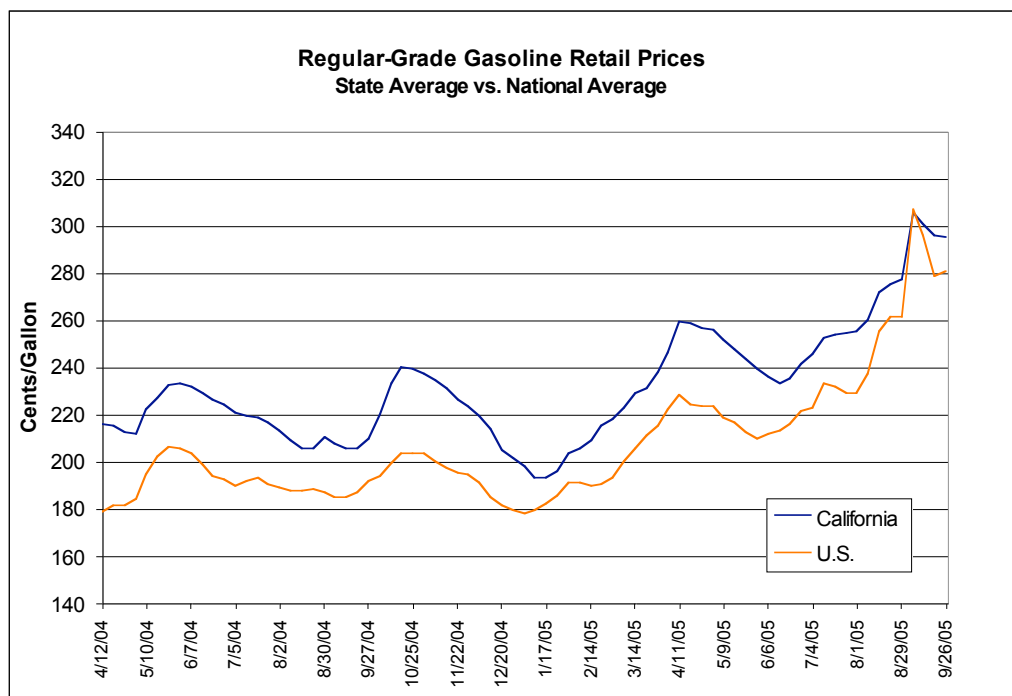
Main website: [www.energy.ca.gov](http://www.energy.ca.gov)

Children's website: [www.energyquest.ca.gov](http://www.energyquest.ca.gov)

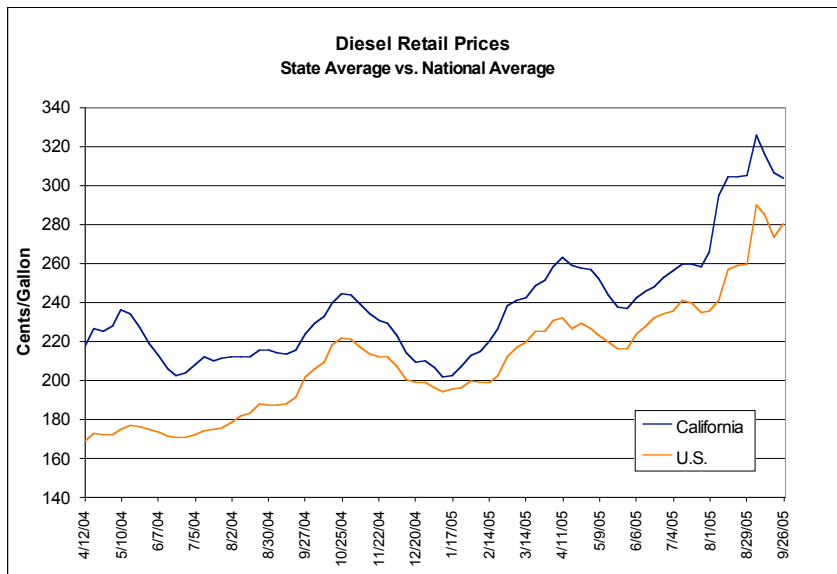
Consumer Information: [www.ConsumerEnergyCenter.org](http://www.ConsumerEnergyCenter.org)

**Petroleum Watch****September 30, 2005*****Retail Gasoline and Diesel Prices***

- The statewide average price for regular gasoline remained at \$2.95 per gallon as of September 26. The difference between U.S. and California retail prices narrowed to 14.4 cents compared to 16.8 cents the previous week.



- California retail diesel prices declined to \$3.03 per gallon as of September 26, about 3 cents less than September 19. The difference between U.S. and California retail diesel prices narrowed by about 10 cents compared to the previous week due to the more severe impacts of Hurricane Rita on eastern U.S. markets.<sup>1</sup>



### ***Wholesale Gasoline and Diesel Prices***

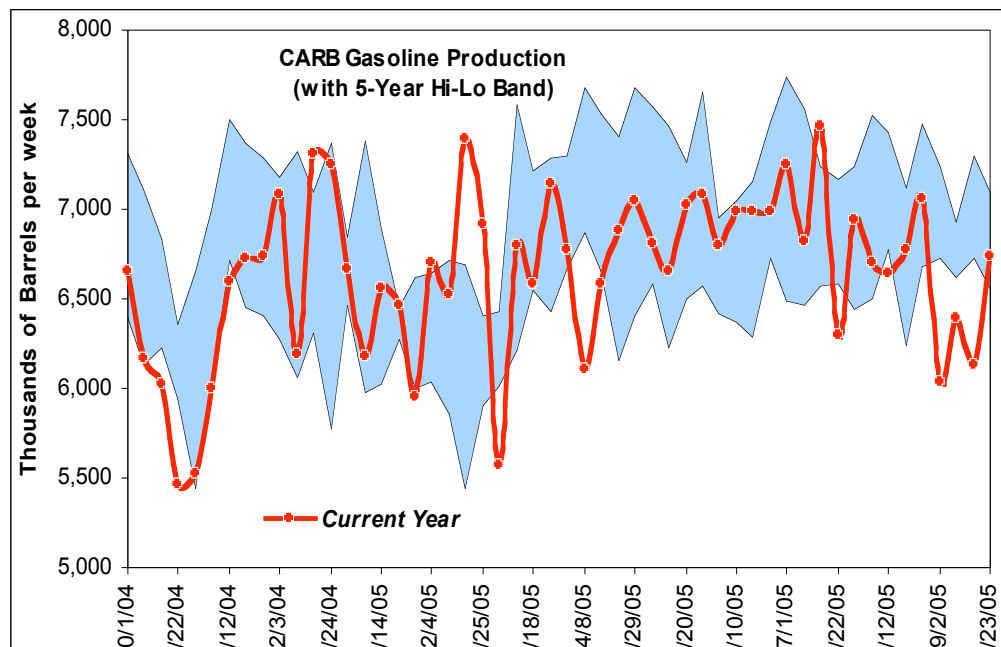
- Wholesale gasoline prices in California in the last month have bounced from a severe spike after Hurricane Katrina, followed by an extended period of high price levels due to refinery outages in Los Angeles and the arrival of Hurricane Rita. As of September 27, California spot prices, which had averaged 18 cents more than Gulf Coast spot prices over the last year, settled slightly to \$2.28, or 50 cents below Gulf Coast prices as Hurricane Rita plagued that region's fuels markets.
- Wholesale California diesel prices peaked on September 1 at \$2.43 and subsequently went down. Wholesale California diesel prices are on the rise again to \$2.64 on September 28.
- The latest EIA weekly assessment shows U.S. implied gasoline demand stable at 8.8 million barrels per day, the fourth straight week of daily demand averaging below 9 million barrels. U.S. distillate demand, however, was up 2.6 percent from last year.

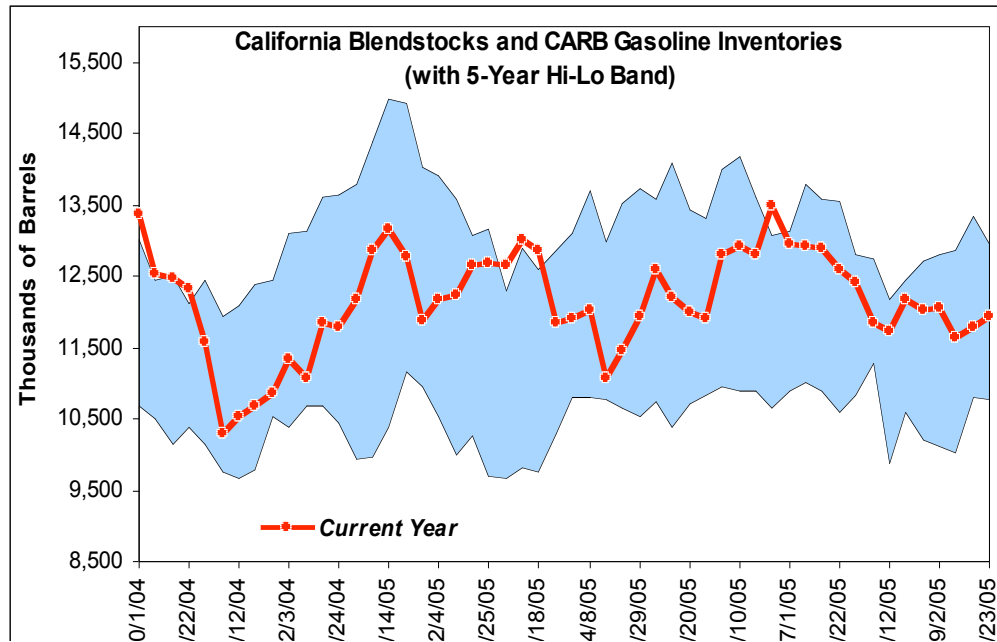
### ***Refinery Production and Inventories***

- Of the 16 Gulf Coast refineries shut down at the approach of Hurricane Rita, 10 remained closed as of September 27. Added to the 4 refineries still shut down from Hurricane Katrina, total refining capacity off-line as of September 27 was over 3.5 million barrels per day, or roughly 21 percent of U.S. total capacity. Cumulative lost fuel production due to both hurricanes could amount to as much as 2 percent of U.S. annual output.
- The return to operation of refineries shut down as a result of electricity outages in Los Angeles during September has increased reformulated gasoline output in California to 6.7 million barrels for the week of September 23. These levels are 10 percent more than the previous week, but still at the lower end of the 5-year range.

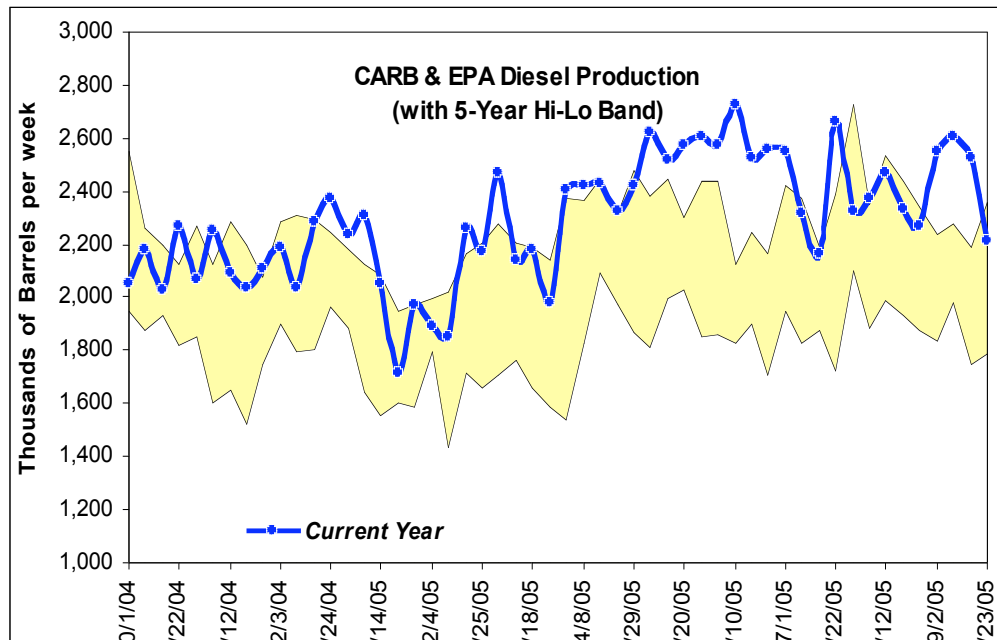
Meanwhile, the U.S. EPA has extended the waiver of California's summer gasoline rules to October 24. Another waiver extension from U.S. EPA will be required to reach the start of the winter gasoline season on October 31.

- Reformulated gasoline inventories in California ended a declining trend, rising over 12 percent from the previous week, but down 21 percent from last year. Conversely, gasoline blending components inventories were down 7 percent from the previous week, but up 7 percent from last year. Combined reformulated gasoline and gasoline blendstock inventories remain in the middle of the range for the previous 5 years. However, these combined stocks are down about 8 percent from last year.<sup>3</sup>

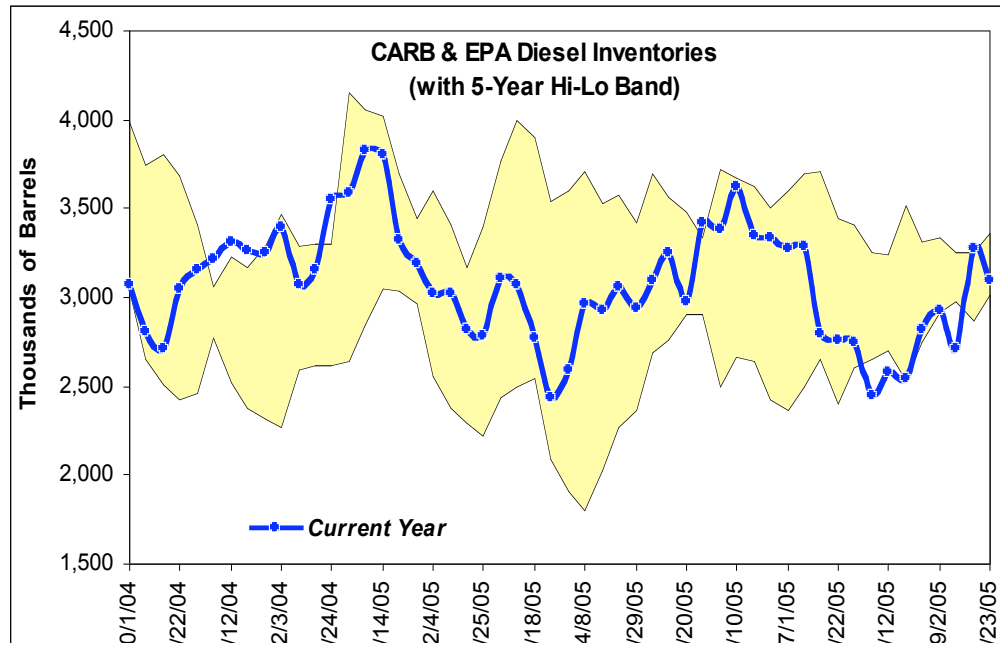




- California production of low sulfur diesel, including both California diesel and U.S. EPA diesel, fell 13 percent during the week of September 23 compared to the week before, mainly as a result of a 17 percent drop in California diesel production. Although combined low-sulfur diesel production was 2 percent less than a year ago, levels still remain at the high end of the 5-year range.

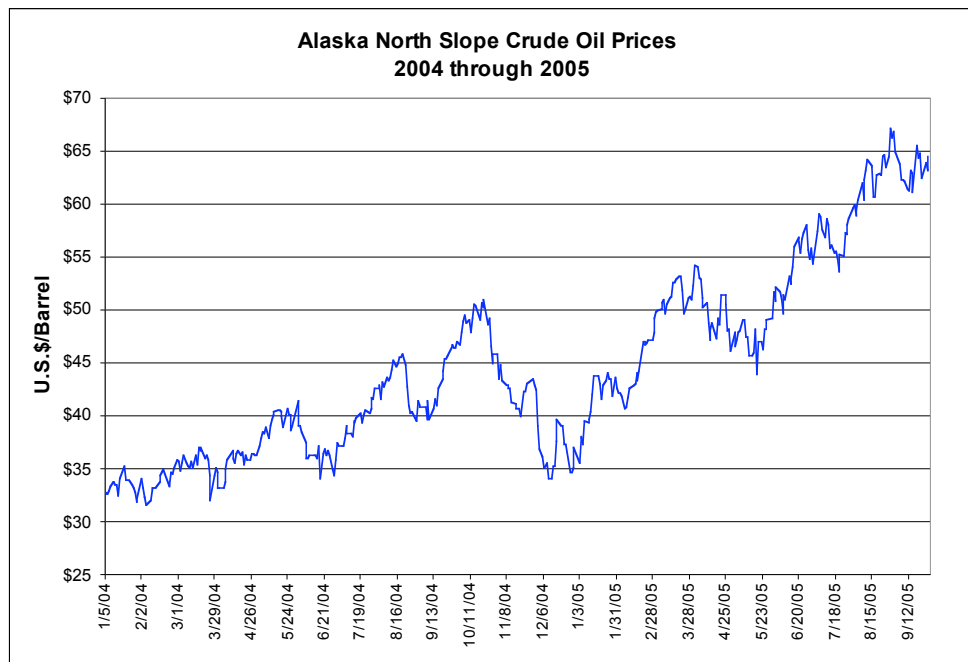


- As of September 23, state low-sulfur diesel inventories had declined almost 6 percent from the previous week, falling back again toward the low end of the 5-year range.



### ***Crude Oil Prices and Inventories***

- World crude oil prices have come down slightly from the late August record highs that followed Hurricane Katrina. Alaska North Slope crude oil, an important refinery feedstock for California, was priced at \$64.35 per barrel as of September 28.<sup>5</sup>



- U.S. commercial crude oil stockpiles totaled 305.7 million barrels as of September 23, down 2.4 million barrels from the previous week but 32.7 million barrels more than last year and 19.6 million barrels over the average of the previous 5 years.

- World oil supplies have been strained due to U.S. hurricanes, low levels of excess oil production capacity worldwide, and almost three years of high worldwide petroleum demand growth. At the same time, supplies have been supported by the release of oil and petroleum products from the International Energy Agency (IEA) member countries' strategic reserves, the virtual lifting of Organization of Petroleum Exporting Countries (OPEC) production limits, high crude oil inventory levels, and signs of softening demand for gasoline. IEA member countries have made available 2.1 million barrels per day of petroleum from their strategic reserves. OPEC has also made all its excess crude oil production capacity available at consumer countries' request.
- As of September 29, virtually all of the U.S. Gulf of Mexico offshore oil production, about 1.5 million barrels per day, was shut down due to the passage of Hurricane Rita. Almost 39 million barrels of crude oil production have already been lost to hurricanes in the last month.

---

<sup>1</sup> Spot wholesale and retail gasoline and diesel prices are from the Energy Information Administration of the U.S. Department of Energy.

<sup>3</sup> California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

<sup>5</sup> ANS crude oil prices are from the Wall Street Journal. U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.